



SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-73657; File No. SR-NYSE-2014-62)

November 20, 2014

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change Amending the Bylaws of Its Wholly-Owned Subsidiary NYSE Regulation, Inc. to Provide that Non-Affiliated Directors Would Not Be Removed for Cause If They Are Acting in Good Faith in Exercising their Responsibilities as Directors Related to NYSE Regulation's Functions and Responsibilities Delegated to It Under the Delegation Agreement between the Exchange, NYSE Regulation and NYSE Market, Inc.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 7, 2014, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the bylaws of its wholly-owned subsidiary NYSE Regulation, Inc. ("NYSE Regulation") to provide that non-affiliated directors (as that term is defined in those bylaws) would not be removed for cause if they are acting in good faith in exercising their responsibilities as directors related to NYSE Regulation's functions and responsibilities delegated to it under the Delegation Agreement between the Exchange, NYSE Regulation and NYSE Market (DE), Inc. The text of the proposed rule change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, on the Commission's website at <http://www.sec.gov>, and at the Commission's Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is proposing to amend Article III, Section 4 of NYSE Regulation's Sixth Amended and Restated Bylaws (the "Bylaws") to provide that "non-affiliated directors"³ would not be removed for cause if they are acting in good faith in exercising their responsibilities as directors related to NYSE Regulation's functions and responsibilities delegated to it under the delegation agreement between the Exchange, NYSE Regulation and NYSE Market (DE), Inc. (the "Delegation Agreement"),⁴ and to make conforming changes.

³ The Bylaws define "non-affiliated directors" as U.S. Persons who are not members of the board of directors of Intercontinental Exchange, Inc. ("ICE") and qualify as independent under NYSE Regulation's director independence policy. See Bylaw [sic] of NYSE Regulation, Inc., Article III, Section 1(A); see also Securities [sic] Act Release No. 67564 (August 1, 2012), 77 FR 47161 (August 7, 2012) (SR-NYSE-2012-17) (approving NYSE Regulation's director independence policy). The Bylaws require that a majority of NYSE Regulation's Board consist of non-affiliated directors. The remaining directors are NYSE Regulation's Chief Executive Officer ("CEO") and members of the ICE board of directors that qualify as independent under NYSE Regulation's director independence policy. The Bylaws do not require any affiliated directors other than the NYSE Regulation CEO.

⁴ See Securities [sic] Act Release No. 53382 (February 27, 2006), 71 FR 11251 (March 6, 2006) (SR-NYSE-2005-77) (approving NYSE's business combination with Archipelago Holdings, Inc.).

Currently, Article III, Section 4 of the Bylaws provides that the Exchange may only remove non-affiliated directors for “cause.” The Exchange proposes to amend Article III, Section 4 to provide that “cause” would not encompass “decisions or actions taken in good faith by a Non-Affiliated Director in his or her capacity as a Director of [NYSE Regulation] and related” to NYSE Regulation’s delegated regulatory functions and responsibilities under the Delegation Agreement. A copy of the proposed Seventh Amended and Restated Bylaws is attached as Exhibit 5.⁵

The proposed amendment to the Bylaws makes explicit that conduct consistent with a non-affiliated director’s duties and responsibilities related to NYSE Regulation’s delegated functions and responsibilities does not constitute grounds for removal. The Exchange believes that approval of the proposed change would confirm to non-affiliated directors that they would not be removed for decisions or actions taken in the exercise of their fiduciary duties to NYSE Regulation and, accordingly, contribute to a more efficient and orderly decision-making process at the board level.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Exchange Act⁶ in general, and with Section 6(b)(1)⁷ in particular, in that it enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act and to comply, and to enforce compliance by its exchange members and persons associated with its exchange members, with the provisions of the Exchange Act, the rules and

⁵ The Commission notes the Exhibit 5 is attached to the filing submitted by the Exchange, but is not attached to the published notice of this filing.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(1).

regulations thereunder, and the rules of the Exchange. The proposed amendment to the Bylaws would make explicit that a non-affiliated director cannot be removed for cause for decisions or actions taken in good faith related to the regulatory functions and responsibilities delegated to NYSE Regulation by the Exchange. The proposed amendment would therefore provide non-affiliated directors with reasonable assurances that actions or decisions consistent with their fiduciary duty and believed, in good faith, to be the proper exercise of NYSE Regulation's delegated functions and responsibilities could not be used as a basis to remove those directors from office. Accordingly, the Exchange believes that the proposed amendment would contribute to the orderly operation of the NYSE Regulation board of directors and its decision-making process, and would enable the Exchange to be so organized as to have the capacity to carry out the purposes of the Exchange Act and comply and enforce compliance by its members and persons associated with its members, with the provisions of the Exchange Act. The Exchange therefore believes that approval of the amendment to the Bylaws is consistent with Section 6(b)(1).

The Exchange also believes that this filing furthers the objectives of Section 6(b)(5) of the Exchange Act⁸ because the proposed rule change would be consistent with and facilitate a governance and regulatory structure that is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to, and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. As discussed above, the Exchange believes that the proposed

⁸ 15 U.S.C. 78f(b)(5).

amendment would remove potential uncertainty among non-affiliated directors that certain decisions or actions taken in good faith related to the delegated functions and responsibilities could result in their removal from NYSE Regulation's board of directors for cause and thereby would contribute to improved effectiveness in the board decision-making process. The proposed amendment is therefore consistent with and facilitates a governance and regulatory structure that furthers the objectives of Section 6(b)(5) of the Exchange Act. The orderly and efficient operation of NYSE Regulation and its board of directors is also designed to protect investors as well as the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The proposed rule change is not intended to address competitive issues but rather is concerned solely with the administration and functioning of the NYSE Regulation board of directors.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSE-2014-62 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2014-62. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the

proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2014-62, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Kevin M. O'Neill,
Deputy Secretary.

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⁹ 17 CFR 200.30-3(a)(12).